

AMENDED IN ASSEMBLY JUNE 22, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 13, 2015

SENATE BILL

No. 315

**Introduced by Senators Monning and Hernandez
(Coauthor: Senator Pan)**

February 23, 2015

An act to amend ~~Section~~ *Sections 15432 and 15438.10* of the Government Code, relating to health care, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 315, as amended, Monning. Health care access demonstration project grants.

Existing ~~law~~ *law, the California Health Facilities Financing Authority Act*, establishes a program for the California Health Facilities Authority to award grants that do not exceed \$1,500,000 to one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both, that are effective at enhancing health outcomes and improving access to quality health care and preventive services. Existing law requires a recipient of that grant to adhere to all applicable laws relating to scope of practice, licensure, staffing, and building codes. Existing law authorizes the authority, if a demonstration project receiving a grant is successful at developing such a new method of delivering high-quality and cost-effective health care services, to implement a 2nd grant program, as specified, to replicate in additional California communities

the model developed by that demonstration project. Existing law requires the authority to prepare and provide a report to the Legislature and the Governor on the outcomes of the demonstration grant program that includes, among other information, the total amount of grants issued and the amount of each grant issued.

This bill would create the California Health Access Model Program Two Account within the California Health Facilities Financing Authority Fund for purposes of administering a 2nd competitive grant selection process, in accordance with existing grant provisions, to fund one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivering quality health care services to improve access to quality health care for vulnerable populations or communities, or both. The bill would transfer up to \$6,500,000 from the California Health Facilities Financing Authority Hospital Equipment Loan Program Fund to the account for the purposes of the bill, and would require that any moneys remaining in the account as of January 1, 2023, revert to California Health Facilities Financing Authority Hospital Equipment Loan Program Fund. By expanding the purposes for which a continuously appropriated fund may be used, this bill would make an appropriation.

The bill would also require the authority to prepare and provide a report to the Legislature and the Governor every 2 years, commencing January 1, 2017, on the 2 grant selection programs, that includes, among other information, the total amount of grants issued and the amount of each grant issued, as specified.

This bill would also make the existing requirement for adherence to all applicable laws relating to scope of practice, licensure, staffing, and building to codes applicable to a recipient of a grant provided pursuant to the 2nd grant program described above.

Existing law defines health facility, for purposes of the act, to include a multilevel facility that is an institutional arrangement where a residential facility for the elderly is operated as a part of, or in conjunction with, an intermediate care facility, a skilled nursing facility, or a general acute care hospital. Existing law defines elderly, for purposes of this provision, to mean a person 62 years of age or older.

This bill would instead define elderly to mean a person 60 years of age or older.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 15432 of the Government Code is*
2 *amended to read:*

3 15432. As used in this part, the following words and terms
4 shall have the following meanings, unless the context clearly
5 indicates or requires another or different meaning or intent:

6 (a) “Act” means the California Health Facilities Financing
7 Authority Act.

8 (b) “Authority” means the California Health Facilities Financing
9 Authority created by this part or any board, body, commission,
10 department, or officer succeeding to the principal functions thereof
11 or to which the powers conferred upon the authority by this part
12 shall be given by law.

13 (c) “Cost,” as applied to a project or portion of a project financed
14 under this part, means and includes all or any part of the cost of
15 construction and acquisition of all lands, structures, real or personal
16 property, rights, rights-of-way, franchises, easements, and interests
17 acquired or used for a project, the cost of demolishing or removing
18 any buildings or structures on land so acquired, including the cost
19 of acquiring any lands to which those buildings or structures may
20 be moved, the cost of all machinery and equipment, financing
21 charges, interest prior to, during, and for a period not to exceed
22 the later of one year or one year following completion of
23 construction, as determined by the authority, the cost of insurance
24 during construction, the cost of funding or financing noncapital
25 expenses, reserves for principal and interest and for extensions,
26 enlargements, additions, replacements, renovations and
27 improvements, the cost of engineering, service contracts,
28 reasonable financial and legal services, plans, specifications,
29 studies, surveys, estimates, administrative expenses, and other
30 expenses of funding or financing, that are necessary or incident to
31 determining the feasibility of constructing any project, or that are
32 incident to the construction, acquisition, or financing of any project.

33 (d) “Health facility” means a facility, place, or building that is
34 licensed, accredited, or certified and organized, maintained, and
35 operated for the diagnosis, care, prevention, and treatment of
36 human illness, or physical, mental, or developmental disability,
37 including convalescence and rehabilitation and including care
38 during and after pregnancy, or for any one or more of these

1 purposes, for one or more persons, and includes, but is not limited
2 to, all of the following types:

3 (1) A general acute care hospital that is a health facility having
4 a duly constituted governing body with overall administrative and
5 professional responsibility and an organized medical staff that
6 provides 24-hour inpatient care, including the following basic
7 services: medical, nursing, surgical, anesthesia, laboratory,
8 radiology, pharmacy, and dietary services.

9 (2) An acute psychiatric hospital that is a health facility having
10 a duly constituted governing body with overall administrative and
11 professional responsibility and an organized medical staff that
12 provides 24-hour inpatient care for mentally disordered,
13 incompetent, or other patients referred to in Division 5
14 (commencing with Section 5000) or Division 6 (commencing with
15 Section 6000) of the Welfare and Institutions Code, including the
16 following basic services: medical, nursing, rehabilitative,
17 pharmacy, and dietary services.

18 (3) A skilled nursing facility that is a health facility that provides
19 the following basic services: skilled nursing care and supportive
20 care to patients whose primary need is for availability or skilled
21 nursing care on an extended basis.

22 (4) An intermediate care facility that is a health facility that
23 provides ~~the following basic services:~~ inpatient care to ambulatory
24 or semiambulatory patients who have recurring need for skilled
25 nursing supervision and need supportive care, but who do not
26 require availability or continuous skilled nursing care.

27 (5) A special health care facility that is a health facility having
28 a duly constituted governing body with overall administrative and
29 professional responsibility and an organized medical or dental staff
30 that provides inpatient or outpatient, acute or nonacute care,
31 including, but not limited to, medical, nursing, rehabilitation,
32 dental, or maternity.

33 (6) A clinic that is operated by a tax-exempt nonprofit
34 corporation that is licensed pursuant to Section 1204 or 1204.1 of
35 the Health and Safety Code or a clinic exempt from licensure
36 pursuant to subdivision (b) or (c) of Section 1206 of the Health
37 and Safety Code.

38 (7) An adult day health center that is a facility, as defined under
39 subdivision (b) of Section 1570.7 of the Health and Safety Code,

1 that provides adult day health care, as defined under subdivision
2 (a) of Section 1570.7 of the Health and Safety Code.

3 (8) A facility owned or operated by a local jurisdiction for the
4 provision of county health services.

5 (9) A multilevel facility *that* is an institutional arrangement
6 where a residential facility for the elderly is operated as a part of,
7 or in conjunction with, an intermediate care facility, a skilled
8 nursing facility, or a general acute care hospital. “Elderly,” for the
9 purposes of this paragraph, means a person ~~62~~ 60 years of age or
10 older.

11 (10) A child day care facility operated in conjunction with a
12 health facility. A child day care facility is a facility, as defined in
13 Section 1596.750 of the Health and Safety Code. For purposes of
14 this paragraph, “child” means a minor from birth to 18 years of
15 age.

16 (11) An intermediate care facility/developmentally disabled
17 habilitative that is a health facility, as defined under subdivision
18 (e) of Section 1250 of the Health and Safety Code.

19 (12) An intermediate care facility/developmentally
20 disabled-nursing that is a health facility, as defined under
21 subdivision (h) of Section 1250 of the Health and Safety Code.

22 (13) A community care facility that is a facility, as defined under
23 subdivision (a) of Section 1502 of the Health and Safety Code,
24 that provides care, habilitation, rehabilitation, or treatment services
25 to developmentally disabled or mentally impaired persons.

26 (14) A nonprofit community care facility, as defined in
27 subdivision (a) of Section 1502 of the Health and Safety Code,
28 other than a facility that, as defined in that subdivision, is a
29 residential facility for the elderly, a foster family agency, a foster
30 family home, a full service adoption agency, or a noncustodial
31 adoption agency.

32 (15) A nonprofit accredited community work activity program,
33 as specified in subdivision (e) of Section 4851 and Section 4856
34 of the Welfare and Institutions Code.

35 (16) A community mental health center, as defined in paragraph
36 (3) of subdivision (b) of Section 5667 of the Welfare and
37 Institutions Code.

38 (17) A nonprofit speech and hearing center, as defined in Section
39 1201.5 of the Health and Safety Code.

1 (18) A blood bank, as defined in Section 1600.2 of the Health
2 and Safety Code, licensed pursuant to Section 1602.5 of the Health
3 and Safety Code, and exempt from federal income taxation
4 pursuant to Section 501(c)(3) of the Internal Revenue Code.

5 (19) A residential facility for persons with developmental
6 disabilities, as defined in Sections 4688.5 and 4688.6 of the
7 Welfare and Institutions Code, which includes, but is not limited
8 to, a community care facility licensed pursuant to Section 1502 of
9 the Health and Safety Code and a family teaching home as defined
10 in Section 4689.1 of the Welfare and Institutions Code.

11 (20) A nonpublic school that provides educational services in
12 conjunction with a health facility, as defined in paragraphs (1) to
13 (19), inclusive, that otherwise qualifies for financing pursuant to
14 this part, if the nonpublic school is certified pursuant to Sections
15 56366 and 56366.1 of the Education Code as meeting standards
16 relating to the required special education and specified related
17 services and facilities for individuals with physical, mental, or
18 developmental disabilities.

19 “Health facility” includes a clinic that is described in subdivision
20 (I) of Section 1206 of the Health and Safety Code.

21 “Health facility” includes information systems equipment and
22 the following facilities, if the equipment and facility is operated
23 in conjunction with or to support the services provided in one or
24 more of the facilities specified in paragraphs (1) to (20), inclusive,
25 of this subdivision: a laboratory, laundry, a nurses or interns
26 residence, housing for staff or employees and their families or
27 patients or relatives of patients, a physicians’ facility, an
28 administration building, a research facility, a maintenance, storage,
29 or utility facility, an information systems facility, all structures or
30 facilities related to any of the foregoing facilities or required or
31 useful for the operation of a health facility and the necessary and
32 usual attendant and related facilities and equipment, and parking
33 and supportive service facilities or structures required or useful
34 for the orderly conduct of the health facility.

35 “Health facility” does not include any institution, place, or
36 building used or to be used primarily for sectarian instruction or
37 study or as a place for devotional activities or religious worship.

38 (e) “Participating health institution” means a city, city and
39 county, or county, a district hospital, or a private nonprofit
40 corporation or association, or a limited liability company whose

sole member is a nonprofit corporation or association authorized by the laws of this state to provide or operate a health facility or a nonprofit corporation that controls or manages, is controlled or managed by, is under common control or management with, or is affiliated with any of the foregoing, and that, pursuant to this part, undertakes the financing or refinancing of the construction or acquisition of a project or of working capital as provided in this part. “Participating health institution” also includes, for purposes of the California Health Facilities Revenue Bonds (UCSF-Stanford Health Care) 1998 Series A, the Regents of the University of California.

(f) “Project” means construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility to be financed or refinanced with funds provided in whole or in part pursuant to this part. “Project” may include reimbursement for the costs of construction, expansion, remodeling, renovation, furnishing, or equipping, or funding, financing, or refinancing of a health facility or acquisition of a health facility. “Project” may include any combination of one or more of the foregoing undertaken jointly by any participating health institution with one or more other participating health institutions.

(g) “Revenue bond” or “bond” means a bond, warrant, note, lease, or installment sale obligation that is evidenced by a certificate of participation or other evidence of indebtedness issued by the authority.

(h) “Working capital” means moneys to be used by, or on behalf of, a participating health institution to pay or prepay maintenance or operation expenses or any other costs that would be treated as an expense item, under generally accepted accounting principles, in connection with the ownership or operation of a health facility, including, but not limited to, reserves for maintenance or operation expenses, interest for not to exceed one year on any loan for working capital made pursuant to this part, and reserves for debt service with respect to, and any costs necessary or incidental to, that financing.

SECTION 1.

SEC. 2. Section 15438.10 of the Government Code is amended to read:

15438.10. (a) The Legislature finds and declares the following:

1 (1) Many Californians face serious obstacles in obtaining needed
2 health care services, including, but not limited to, medical, mental
3 health, dental, and preventive services. The obstacles faced by
4 vulnerable populations and communities include *the* existence of
5 complex medical, physical, or social conditions, disabilities,
6 economic disadvantage, and living in remote or underserved areas
7 that make it difficult to access services.

8 (2) With the recent passage of national health care reform, there
9 is an increased demand for innovative ways to deliver quality
10 health care, including preventive services, to individuals in a
11 cost-effective manner.

12 (3) There is a need to develop new methods of delivering health
13 services utilizing innovative models that can be demonstrated to
14 be effective and then replicated throughout California and that
15 bring community-based health care preventive services to
16 individuals where they live or receive education, social, or general
17 health services.

18 (4) For more than 30 years, the California Health Facilities
19 Financing Authority has provided financial assistance through
20 tax-exempt bonds, low-interest loans, and grants to health facilities
21 in California, assisting in the expansion of the availability of health
22 services and health care facilities throughout the state.

23 (b) (1) Following the completion of a competitive selection
24 process, the authority may award one or more grants that, in the
25 aggregate, do not exceed one million five hundred thousand dollars
26 (\$1,500,000) to one or more projects designed to demonstrate
27 specified new or enhanced cost-effective methods of delivering
28 quality health care services to improve access to quality health
29 care for vulnerable populations or communities, or both, that are
30 effective at enhancing health outcomes and improving access to
31 quality health care and preventive services. These health care
32 services may include, but are not limited to, medical, mental health,
33 or dental services for the diagnosis, care, prevention, and treatment
34 of human illness, or individuals with physical, mental, or
35 developmental disabilities. More than one demonstration project
36 may receive a grant pursuant to this section. It is the intent of the
37 Legislature for a demonstration project that receives a grant to
38 allow patients to receive screenings, diagnosis, or treatment in
39 community settings, including, but not limited to, school-based
40 health centers, adult day care centers, and residential care facilities

1 for the elderly, or for individuals with mental illness or
2 developmental disabilities.

3 (2) A grant awarded pursuant to this subdivision may be
4 allocated in increments to a demonstration project over multiple
5 years to ensure the demonstration project's ability to complete its
6 work, as determined by the authority. Prior to the initial allocation
7 of funds pursuant to this subdivision, the administrators of the
8 demonstration project shall provide evidence that the demonstration
9 project has or will have additional funds sufficient to ensure
10 completion of the demonstration project. If the authority allocates
11 a grant in increments, each subsequent year's allocation shall be
12 provided to the demonstration project only upon submission of
13 research that shows that the project is progressing toward the
14 identification of a high-quality and cost-effective delivery model
15 that improves health outcomes and access to quality health care
16 and preventive services for vulnerable populations or communities,
17 and can be replicated throughout the state in community settings.

18 (3) Except for a health facility that qualifies as a "small and
19 rural hospital" pursuant to Section 124840 of the Health and Safety
20 Code, a health facility that has received tax-exempt bond financing
21 from the authority shall not be eligible to receive funds awarded
22 for a demonstration project. Such a health facility may participate
23 as an uncompensated partner or member of a collaborative effort
24 that is awarded a demonstration project grant. A health facility
25 that participates in a demonstration project that receives funds
26 pursuant to this section may not claim the funding provided by the
27 authority toward meeting its community benefit and charity care
28 obligations.

29 (4) Funds provided to a demonstration project pursuant to this
30 subdivision may be used to supplement, but not to supplant,
31 existing financial and resource commitments of the grantee or
32 grantees or any other member of a collaborative effort that has
33 been awarded a demonstration project grant.

34 (c) (1) If a demonstration project that receives a grant pursuant
35 to subdivision (b) is successful at developing a new method of
36 delivering high-quality and cost-effective health care services in
37 community settings that result in increased access to quality health
38 care and preventive services or improved health care outcomes for
39 vulnerable populations or communities, or both, then beginning
40 as early as the second year after the initial allocation of moneys

1 provided pursuant to subdivision (b), the authority may implement
2 a second grant program that awards not more than five million
3 dollars (\$5,000,000), in the aggregate, to eligible recipients as
4 defined by the authority, to replicate in additional California
5 communities the model developed by a demonstration project that
6 received a grant pursuant to subdivision (b). Prior to the
7 implementation of this second grant program, the authority shall
8 prepare and provide a report to the Legislature and the Governor
9 on the outcomes of the demonstration project. The report shall be
10 made in accordance with Section 9795.

11 (2) If the authority implements the second grant program, the
12 authority shall also report annually, beginning with the first year
13 of implementation of the second grant program, to the Legislature
14 and the Governor regarding the program, including, but not limited
15 to, the total amount of grants issued pursuant to this subdivision,
16 the amount of each grant issued, and a description of each project
17 awarded funding for replication of the model.

18 (3) Grants under this subdivision may be utilized for eligible
19 costs, as defined in subdivision (c) of Section 15432, including
20 equipment, information technology, and working capital, as defined
21 in subdivision (h) of Section 15432.

22 (4) The authority may adopt regulations relating to the grant
23 program authorized pursuant to this subdivision, including
24 regulations that define eligible recipients, eligible costs, and
25 minimum and maximum grant amounts.

26 (d) (1) The authority shall prepare and provide a report to the
27 Legislature and the Governor every two years, commencing on
28 January 1, 2017, on the grants awarded pursuant to subdivisions
29 (b) and (g) that includes, but is not limited to, the following:

30 (A) The total amount of grants issued.

31 (B) The amount of each grant issued.

32 (C) A description of other sources of funding for each project.

33 (D) A description of each project awarded funding.

34 (E) If available, a description of project outcomes that
35 demonstrate cost-effective delivery of health care services in
36 community settings, that result in improved access to quality health
37 care or improved health care outcomes.

38 (2) A report submitted pursuant to this subdivision shall be
39 submitted in compliance with Section 9795.

(e) There is hereby created the California Health Access Model Program Account in the California Health Facilities Financing Authority Fund. All moneys in the account are hereby continuously appropriated to the authority for carrying out the purposes of this section. An amount of up to six million five hundred thousand dollars (\$6,500,000) shall be transferred from funds in the California Health Facilities Financing Authority Fund that are not impressed with a trust for other purposes into the California Health Access Model Program Account for the purpose of issuing grants pursuant to this section. Any moneys remaining in the California Health Access Model Program Account on January 1, 2020, shall revert as of that date to the California Health Facilities Financing Authority Fund.

(f) Any recipient of a grant provided pursuant to subdivisions (b) and (c) shall adhere to all applicable laws relating to scope of practice, licensure, staffing, and building codes.

(g) There is hereby created the California Health Access Model Program Two Account within the California Health Facilities Financing Authority Fund for purposes of administering a second competitive grant selection process, in accordance with subdivisions (b) and (c), to fund one or more projects designed to demonstrate specified new or enhanced cost-effective methods of delivery quality health care services to improve access to quality health care for vulnerable populations or communities, or both. An amount of up to six million five hundred thousand dollars (\$6,500,000) shall be transferred from funds in the California Health Facilities Financing Authority Hospital Equipment Loan Program Fund that are not impressed with a trust for other purposes into the California Health Access Model Program Two Account for the purpose of administering a second competitive grant selection process pursuant to this subdivision. Any moneys remaining in the California Health Access Model Program Two Account on January 1, 2023, shall revert as of that date to the California Health Facilities Financing Authority Hospital Equipment Loan Program Fund.

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